



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

PPL No. 11-020

DATE: September 20, 2011

TO: All Local Governmental Agency Coordinators for
Targeted Case Management Programs

SUBJECT: **Revised Targeted Case Management Cost Report Instructions and
Templates for Reporting Fiscal Year 2010-11 Costs**

This Policy and Procedure Letter (PPL) is notification that Department of Health Care Services (DHCS) has revised the Local Governmental Agency (LGA) Targeted Case Management (TCM) Cost Report Instructions and templates. Please review all documents for details of changes. The LGAs must use the revised instructions and templates for submission of the Cost Report(s) for fiscal year (FY) 2010-11 TCM costs.

DHCS approved 2011 training materials, cost report instructions, and templates for reporting FY 2010-11 TCM costs are available online at the DHCS TCM website, <http://www.dhcs.ca.gov/provgovpart/Pages/TCM.aspx>.

DHCS submitted a State Plan Amendment (SPA) to the federal Centers for Medicare and Medicaid Services (CMS) to revise the TCM reimbursement methodology effective October 16, 2010. In anticipation of approval, DHCS is implementing several aspects of the SPA requirements this year.

The principle reimbursement methodology changes include establishing one interim reimbursement rate per LGA calculated from prior year costs. Once established, this interim rate will be used to reimburse all TCM services claimed until a new interim rate is established, irrespective of the date of service.

The SPA also stipulates that costs will be reconciled to reimbursements. Once approved, the SPA will require DHCS to both recover overpayments and make additional payments to LGAs for services provided on or after October 16, 2010, when costs are less than or exceed reimbursements.

Other changes included in this year's cost report instructions are as follows. Detailed procedures and requirements necessary to affect these changes are outlined in the instructions.

Time Survey

For this cost report only, the 2009 time surveys should be used, as no time survey was performed in 2010. Once the new time survey methodology is approved by CMS, the results for the time survey period FY 2011-12 will be applied retroactively to costs for FY 2010-11 for the final reconciliation for that period.

Program Reimbursement Caps

Program reimbursement Caps will only be in effect until the new reimbursement SPA is approved. At that time, LGAs may begin to claim for TCM services in excess of Caps.

Averaging staff

Direct supervisors of case managers or direct support staff to case managers who did not time survey in FY 2010-11, should be included in the "Averaged" section of the Salaries & Benefits Scheduled 1A for this cost report due November 1, 2011, only for purposes of setting an interim rate. How these staff will be treated in the final reconciliation of FY 2010-11 costs is yet to be determined.

Closing Costs

To reinforce and clarify PPL 09-019, all prior year costs of providing TCM services to target populations must be reported in the annual TCM Cost Report. These costs must include costs of any TCM service provider that provided TCM in the prior fiscal year, but who ceased providing TCM June 30, 2011, or earlier. Costs of these non-operational TCM service providers will not be used in calculating the interim encounter rate.

DHCS approved cost report instructions and templates are posted annually. LGAs must submit cost reports using the cost report instructions and templates as applicable to each fiscal year.

If you have any questions regarding this PPL, please contact Tracy Albano at (916) 341-7384 or by e-mail at Tracy.Albano@dhcs.ca.gov.

Sincerely,

Signed by Geri Baucom

Geri Baucom, Chief
Administrative Claiming Local and
Schools Services Branch

LGA Coordinators
Page 3
September 20, 2011

cc: Mr. Patrick Sutton
LGA MAA/TCM Consultant
221 Encounter Bay
Alameda, CA 94502